

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 97 - HB 396

March 4, 2023

SUMMARY OF BILL AS AMENDED (004512, 004767): Creates the *Garrison-Jordan Survivor Benefits Act*. Increases the maximum weekly workers' compensation death benefit to a surviving spouse with no dependent child or one dependent orphan from 50 percent to 66.67 percent of the employee's average weekly wage.

Removes remarriage as a terminating event regarding workers' compensation death benefits, thereby entitling the surviving spouse to one lump sum payment equal to 100 weeks based on 25 percent of the average weekly wages of the deceased employee, subject to the maximum total benefit.

Authorizes an orphan or other child, being physically or mentally incapacitated, or is completing secondary education or a program leading to an equivalent credential, or enrolled in a recognized institution that provides postsecondary or career or technical education, to be paid workers' compensation benefits until 22 years of age.

Authorizes an employer or insurer to periodically require a dependent to provide information relevant to dependency within 15 days of receipt of such request and may suspend benefits upon failure to provide such information. Requires the employer or insurer in such cases to notify the Department of Labor and Workforce Development (DLWD) with 15 days of the first omitted payment. Requires the employer or insurer, within 15 days of receipt of requested information if provided during the suspension, to restore periodic benefits and remit to such dependent any benefits that were withheld during such suspension. Requires an employer or insurer, upon discovery that a dependent is no longer eligible, to notify the DLWD within 15 days of the first omitted payment.

Establishes that a person who provides false or misleading information in response to any such request for information commits a fraudulent insurance act, punishable as theft.

FISCAL IMPACT OF BILL AS AMENDED:

NOT SIGNIFICANT

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Assumptions for the bill as amended:

- This legislation will generally increase workers' compensation death benefits payable to certain dependents of a deceased employee.
- It is assumed that authorizing an employer or insurer to require information of a dependent to indicate eligibility for workers' compensation benefits will result in no significant impact on workers' compensation programs and policies statewide.
- Workers' compensation benefits, under Tennessee law, are paid by insurers, self-insured employers, and third-party administrators.
- Employers are required to provide workers' compensation insurance to its employees, paying premiums to insurers, employers who are self-insured, or third-party administrators.
- State government employees receive workers' compensation through the Department of Treasury.
- Based on the information provided by the Treasury's Division of Claims and Risk Management, this legislation is estimated to have no significant impact on the department on operations or expenditures.
- County, municipal, and city governments are not required to hold workers' compensation, but may opt-in and purchase a workers' compensation policy or self-insure, wherein the case of deceased employee, the dependents of such employee would be paid by the respective insurance carrier or the government itself.
- Any local government that is self-insured is likely large, such as the Nashville-Davidson County Metropolitan government, which holds its own on-the-job injury policy.
- It is assumed that this legislation will not result in a significant increase in workers' compensation premiums or expenditures directly paid by local governments.
- There will not be a sufficient enough fraudulent insurance act convictions to result in a significant increase to state or local incarceration.

IMPACT TO COMMERCE OF BILL AS AMENDED:

Other Fiscal Impact – Any impact on Tennessee jobs or commerce is dependent upon multiple unknown factors and cannot be determined with reasonable certainty.

Assumptions for the bill as amended:

- This legislation will increase workers' compensation death benefits payable to applicable dependents of a deceased employee and the claims of such dependents, resulting in an increase in expenditures for insurers, self-insured employers, and third-party administrators.
- Any such increase is dependent upon multiple unknown factors and cannot be determined with reasonable certainty.
- Any such increase could result in underwriters increasing workers' compensation premium rates for businesses which experience high rates of workplace deaths.

- Any such increase in premium payment for applicable employers is based on multiple unknown factors and cannot be determined with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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